

# **Reducing Paperwork and Connecting Low-Income Children With School Meals:**

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*Opportunities under The New Child Nutrition  
Reauthorization Law*

**Zoë Neuberger**

The **Center on Budget and Policy Priorities**, located in Washington, D.C., is a non-profit research and policy institute that conducts research and analysis of government policies and the programs and public policy issues that affect low- and middle-income households. The Center is supported by foundations, individual contributors, and publications sales.

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### Author

Zoë Neuberger is a Senior Policy Analyst at the Center on Budget and Policy Priorities.  
Her work focuses on the Child Nutrition Programs and WIC.

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Center on Budget and Policy Priorities  
820 First Street, N.E., Suite 510  
Washington, DC 20002  
(202) 408-1080

E-mail: [center@cbpp.org](mailto:center@cbpp.org)  
Web: [www.cbpp.org](http://www.cbpp.org)

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## Table of Contents

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<b>I. OVERVIEW .....</b>	<b>1</b>
<b>II. IMPROVING VERIFICATION RESPONSE RATES NOW CAN.....</b>	<b>7</b>
<b>REDUCE PAPERWORK LATER</b>	
<b>III. NEW TOOLS TO INCREASE VERIFICATION RESPONSE RATES .....</b>	<b>11</b>
A. Direct Verification .....	12
B. Substitution .....	17
<b>IV. REDUCING THE NUMBER OF APPLICATIONS PROCESSED AND</b>	
<b>VERIFIED .....</b>	<b>19</b>
A. Categorical Eligibility for Homeless, Runaway, or Migrant Children .....	20
B. Direct Certification of Children in Food Stamp Households .....	23
<b>V. FULL-YEAR ELIGIBILITY .....</b>	<b>33</b>
<b>VI. CONCLUSION .....</b>	<b>37</b>
<b>APPENDIX A .....</b>	<b>39</b>
Steps Schools Districts Can Take in the Fall of 2004 to Increase Verification Response Rates	
<b>APPENDIX B.....</b>	<b>41</b>
Comparison of Data Sources That May Be Used for Direct Certification and Direct Verification	
<b>APPENDIX C .....</b>	<b>43</b>
State Medicaid Income Eligibility Guidelines and Enrollment for School-Age Children	



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## I. Overview

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In enacting the Child Nutrition and WIC Reauthorization Act of 2004, Congress made several changes in the eligibility determination process for free and reduced-price school meals.<sup>1</sup> (The eligibility determination process has two parts: “certification,” in which children are approved to receive meal benefits, and “verification,” in which school districts obtain documentation of eligibility for a small sample of certified children.) The changes in the legislation were aimed at improving the accuracy of eligibility determinations without hindering access to meals or overly complicating program administration.

As a result of these changes, school districts face new requirements this year and in coming years.<sup>2</sup> Recognizing the increased administrative burden school districts and state agencies would face, Congress also provided tools to reduce the workload associated with these new requirements; these tools offer the further benefit of simplifying the eligibility determination process for poor families.

This paper describes a few of the key changes to the eligibility determination process — those that provide the greatest opportunity to improve low-income children’s access to free or

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<sup>1</sup> P.L. 108-265. The Richard B. Russell National School Lunch Act (42 U.S.C. § 1751 et seq.) and the Child Nutrition Act of 1966 (42 U.S.C. § 1771 et seq.) as amended by P.L. 108-265 are available at <http://www.fns.usda.gov/cnd/Governance/nslp-legislation.htm>.

<sup>2</sup> Until June 30, 2004, School Food Authorities (SFAs) were responsible for the certification and verification of eligibility for free or reduced-price school meals. The Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265) amended the Richard B. Russell National School Lunch Act (42 U.S.C. § 1751 et seq.) so that Local Educational Agencies (LEAs), as defined in Section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. § 7801), are now responsible for the certification and verification of eligibility for free or reduced-price school meals. This paper uses the term “school districts” to refer to SFAs or LEAs.

reduced-price meals — and explains how they can be implemented in ways that reduce the administrative burden on states and school districts.<sup>3</sup>

### **Why Did Congress Make Changes in the Eligibility Determination Process?**

Recent research by the U.S. Department of Agriculture on the school meals programs identified several areas of concern that shaped the reauthorization legislation.

- **Ineligible children sometimes receive free or reduced-price school meals.** A portion of children approved for free or reduced-price meals were found not to be eligible for program benefits in the school districts included in one recent study. These inaccuracies arose for a variety of reasons including: 1) the household reported information accurately on its school meals application but the school district mistakenly placed the child in the wrong meal category; 2) the household reported information accurately and was certified correctly at the start of the school year, but later in the school year the household's income rose above the free or reduced-price income limit; or 3) the household reported information incorrectly on the meals application and was certified on the basis of this erroneous information.<sup>4</sup>
- **Eligible children are losing school meals benefits.** Each year schools must verify the information provided on a sample of school meal applications. Eligible children enrolled in the free or reduced-price meal program lose meal benefits if their parents do not respond to the request for documentation of eligibility. This can happen because the parents did not receive the request, did not understand it, do not speak English, or did not have the necessary paperwork to provide to the school.

A USDA study found that under current verification procedures, children in more than one of every three families selected for verification in metropolitan areas lost their free or reduced-price meal benefits despite being eligible for such meals.<sup>5</sup> Based on this and other USDA studies, we estimate that approximately 77,000

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<sup>3</sup> For a summary of other changes to the certification and verification processes, see *Summary of Changes Made to the Certification and Verification Processes in the National School Lunch and School Breakfast Programs by the Child Nutrition and WIC Reauthorization Act of 2004*, Zoë Neuberger, Center on Budget and Policy Priorities, August 18, 2004, available at <http://www.cbpp.org/8-18-04fa.pdf>.

<sup>4</sup> For a more detailed discussion of research findings related to ineligible children receiving free or reduced-price meals, see *What Have We Learned from FNS' New Research Findings about Overcertification in the School Meals Programs?*, Zoë Neuberger and Robert Greenstein, Center on Budget and Policy Priorities, November 13, 2003, available at <http://www.cbpp.org/11-11-03fa.pdf>.

<sup>5</sup> See *Case Study of National School Lunch Program Verification Outcomes in Large Metropolitan School Districts*, prepared by Mathematica Policy Research, Inc. under a research contract with the Food and Nutrition Service, USDA, Report CN-04-AV3, April 2004, available at <http://www.fns.usda.gov/oane/MENU/Published/CNP/CNP.HTM> and *What Have We Learned from FNS' New Research Findings about Overcertification in the School Meals Programs?*.



eligible low-income children nationwide lose free or reduced-price meals each year as a result of their parents' failure to respond to verification requests.<sup>6</sup>

- **Many eligible children are not enrolled in the school meals programs.** One recent study found that in the areas examined, nearly one-third (31 percent) of the children who were eligible for free meals were not certified for them, and three-fourths of the children eligible for free meals were not certified even to receive reduced-price meals.<sup>7</sup>

Guided by these findings, the authors of the reauthorization legislation sought to meet three main goals:

- improve program integrity by increasing the accuracy of the certification and verification processes;
- improve program access for low-income children by simplifying the eligibility determination process and by making sure that children who are approved for free and reduced-price meals continue to receive them throughout the school year; and
- simplify program administration so that state agencies and school districts can focus their efforts on improving program integrity and access.

These goals can sometimes be at odds with each other. For example, while increasing the sample of applications for which school districts must obtain eligibility documentation might improve program integrity, doing so has been shown to create significant barriers to program participation and to impose administrative burdens on school districts. Congress was particularly concerned about the impact of program changes on vulnerable children who need food assistance but whose parents may not successfully navigate the application or verification processes.

### **What Changes Were Enacted?**

The provisions of the new law that relate to program integrity and access were intended to balance the three goals of strengthening program integrity, improving program access, and simplifying program administration. Although anti-hunger advocates and schools would have liked to achieve broader improvements to program access and greater administrative simplification, the changes to the certification and verification processes garnered widespread support from low-income children's advocates, school administrators, and meal program directors. The legislation creates several opportunities for state agencies and school districts to reduce their own workload while improving program access.

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<sup>6</sup> See *What Have We Learned from FNS' New Research Findings about Overcertification in the School Meals Programs?*.

<sup>7</sup> See *Evaluation of the National School Lunch Program Application/Verification Pilot Projects — Volume I: Impacts on Deterrence, Barriers, and Accuracy*, prepared by Mathematica Policy Research, Inc. under a research contract with the Food and Nutrition Service, USDA, Report No. CN-04-AV1, February 2004, Tables IV.3 and IV:11, available at <http://www.fns.usda.gov/oane/MENU/Published/CNP/FILES/NSLPPilotVol1.pdf>.

### *Increasing Verification Response Rates*

The legislation gives states and school districts new tools to increase their verification response rates (and thereby reduce the number of eligible children who lose meal benefits because their parents failed to respond to a verification request) and offers significant rewards for doing so.

*School districts that use these tools or other means to achieve a high or improved verification response rate can qualify for relief from some of the new verification requirements the legislation imposes.*

One of the new tools is known as “direct verification.” Beginning in July 2005, state child nutrition agencies and school districts will have the option of conducting “direct verification” — that is, using income or participation data maintained by other programs or agencies to verify eligibility for free or reduced-price meals without having to contact the household. By relying on data that has already been verified by another program, school districts can eliminate duplicative work for themselves and keep more low-income children connected to the school meals programs.

In addition, beginning in July 2005, each school district may decline to verify up to five percent of applications selected for verification and replace them with other applications to be verified. School districts may not use this discretion to reduce the overall number of applications they verify, but they may use it to continue providing free or reduced-price meals to vulnerable children whose parents are unlikely to respond to the verification request.

### *Reducing the Number of Applications Processed and Verified*

The legislation includes new provisions that allow school districts to reduce the number of applications they must process and verify while improving program access. The law strengthens an important tool known as “direct certification,” which states and school districts can use to reduce paperwork. Children who are directly certified are approved for free meals based on information provided by another program or agency; they do not have to submit an application, are not subject to verification, and are not considered when determining the size of a school district’s verification sample.

One way the legislation strengthens direct certification is by adding new categories of children who can be directly certified. Effective July 2004, all homeless, runaway, and migrant children are designated “categorically eligible” for free meals once identified by a homeless education liaison, shelter director, migrant education coordinator, or other appropriate official. This designation enables the school district to directly certify these children, meaning they will not have to submit an application to receive free meals at the start of the school year or when they change schools. While this provision will not substantially increase the number of children who are directly certified, it will reduce paperwork for very poor families experiencing significant hardship and reduce the number of applications a school district must process.

The legislation further strengthens direct certification by requiring all school districts to directly certify children in households receiving food stamps by 2008. School districts and state child nutrition agencies already have the option of directly certifying children in households receiving cash assistance under the Temporary Assistance for Needy Families Program (TANF) or benefits under the Food Distribution Program on Indian Reservations (FDPIR), and they will continue to have this option under the new legislation.

### *Simplifying Program Administration*

Another provision of the legislation will simplify program administration. Effective July 2004, a child who is determined eligible for free or reduced-price meals will remain eligible for the entire school year, unless a redetermination is made through the verification process. School districts will no longer be required to track when someone moves in to or out of a household or when a family's income fluctuates.

\* \* \*

In sum, the reauthorization legislation offers important new opportunities to strengthen the school meals programs while helping more low-income children benefit from them. School districts will need to make up-front investments to develop procedures that take advantage of these opportunities, but these investments will pay off in the form of reduced paperwork and increased federal reimbursements.



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## II. Improving Verification Response Rates Now Can Reduce Paperwork Later

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The reauthorization legislation makes numerous changes to the verification process in the school meals programs — that is, the rules governing how districts select a sample of children participating in the school breakfast or lunch program and verify their eligibility for free or reduced-price meals. Congress made these changes to increase the accuracy of certifications, focus verification efforts on applications that are more likely to have been certified erroneously, and reduce the likelihood that verification will cause eligible children to lose meal benefits.

Prior to the new legislation, school districts were permitted to choose one of two verification methods: random sample or focused sample. Under the random sample method, school districts select a sample of three percent of all approved applications chosen at random.<sup>8</sup> Under the focused sample method, school districts select one percent of all approved applications but choose them from those applications with reported monthly household income below the eligibility limit for free or reduced-price meals by no more than \$100; districts must *also* select half of one percent of the applications that provide a food stamp, TANF cash assistance, or FDPIR case number as the basis for eligibility.<sup>9</sup> This second method is referred to in this paper as a “one-plus percent focused sample.”

Beginning in July 2005, school districts generally will be required to meet four new requirements:<sup>10</sup>

- The verification sample size will have to be three percent of all approved household applications. Children that are directly certified, including those identified as homeless, runaway, or migrant by an appropriate official, will have

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<sup>8</sup> The number of applications a district must verify under the random sample method is capped at 3,000. The very largest districts — those with more than 100,000 approved applications — are required to verify 3,000 applications rather than three percent of approved applications.

<sup>9</sup> The number of applications a district must verify under the focused sample method is capped at 1,500 — 1,000 applications that listed income within \$100 of the eligibility limit and 500 applications that listed a case number.

<sup>10</sup> See Section 9(b)(3) of the Richard B. Russell National School Lunch Act (42 U.S.C. § 1758(b)(3)) as amended by Section 105(a) of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).

been certified based on documentation rather than a household application and will not be in the pool subject to verification.

- Applications to be verified will have to be selected first from those reporting household income below the monthly income eligibility limit for free or reduced-price meals by no more than \$100.<sup>11</sup>
- For each selected application, a school district official other than the one who made the initial eligibility determination will have to conduct a confirmation review of the initial eligibility determination and correct any mistakes *before* attempting to verify the application.
- If a household does not respond to the initial verification request, the school district or a contractor will have to follow up with the household to try to obtain verification information.

These changes were designed, in part, to get reliable verification data for more children at higher risk of having been certified inaccurately. Proposals had been made to substantially increase the size of the verification sample, but these were abandoned in favor of an approach of modestly increasing the sample size for some districts, focusing the sample on children near the eligibility limits, and providing incentives and tools to school districts to achieve higher verification response rates. Congress concluded that obtaining verification information for a greater portion of the applications selected for verification by increasing the response rate would have a less deleterious impact on low-income families than dramatically expanding the number of applications selected for verification.

The new requirements will increase the administrative burden on school districts. School districts that now use the random sample verification method will have to switch to the focused sample method of selecting applications. School districts that now use the focused sample method will need to verify more applications — three percent rather than slightly more than one percent — which increases the risk that eligible children will lose free or reduced-price meals. In addition, many districts will have to implement more rigorous review and/or follow-up processes.

The new legislation, however, gives school districts several opportunities to mitigate the burden of the new requirements. *If a school district is able to obtain a high or improved verification-response rate in a given year, it will be exempt from the new requirements concerning sample size and selection requirements (that is, the first two of the four bullets above) in the following year.*<sup>12</sup> There are three circumstances under which a school district will get such an exemption:

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<sup>11</sup> If three percent of a given school district's approved applications do not meet this criterion, additional applications will have to be selected at random.

<sup>12</sup> See Section 9(b)(3) of the Richard B. Russell National School Lunch Act (42 U.S.C. § 1758(b)(3)) as amended by Section 105(a) of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265) and Implementation Memo, *Effect of Current Verification Activity on SY-2005-2006 Verification Requirements*, November 19, 2004.

- **Achieving an 80-percent response rate.** Beginning with the 2005 school year, any school district that achieved a verification response rate of 80 percent or higher in the preceding school year will be permitted to verify either a three-percent random sample or a one-plus percent focused sample, as was permitted before the reauthorization legislation.

This information — that achieving an 80-percent response rate in the fall of 2004 will reduce a school district's verification burden in the fall of 2005 — is especially important for small districts, which make up a majority of all districts. For small districts, increasing the verification response rate to 80 percent may be a matter of obtaining verification information for one or two additional families. An estimated 60 percent of districts verified no more than 10 applications during the 2001-2002 school year.<sup>13</sup>

- **Reducing the non-response rate by at least 10 percent.** Recognizing that some large school districts would have difficulty achieving an 80-percent response rate, Congress gave them two additional ways to be able to operate under the current verification sample size and selection requirements. In the first of these, beginning in the fall of 2005, if a school district has more than 20,000 children approved by application for free or reduced price meals as of October 1, it will be permitted to verify either a three percent random sample or a one-plus percent focused sample, as was permitted before the reauthorization legislation, *if it shows that its verification non-response rate the previous fall declined by at least 10 percent from the year before that.* For example, a school district with a non-response rate of 40 percent in 2003-2004 would have to reduce its non-response rate to at least 36 percent for 2004-2005 to qualify.<sup>14</sup> This provision will remain in effect for future school years.<sup>15</sup>
- **Using direct verification.** Since school districts were not required to report verification results for the 2003-2004 school year, not all large districts may be able to take advantage of the provision described above for the verification process in the fall of 2005.<sup>16</sup> Therefore, the reauthorization legislation provides an alternative for large districts for the 2005-2006 school year *only*.

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<sup>13</sup> See *Direct Certification in the National School Lunch Program—Impacts on Program Access and Integrity*, prepared by Mathematica Policy Research, Inc. under a research contract with the Economic Research Service, USDA, October 2003, Table IV.1, available at <http://www.ers.usda.gov/publications/efan03009/efan03009.pdf>.

<sup>14</sup> Ten percent of 40 percent is four percentage points. Thus, reducing the non-response rate from 40 percent to 36 percent, or by four percentage points, is a ten *percent* improvement.

<sup>15</sup> Districts do not have to show a ten percent reduction in their non-response rates each year; if a district does not achieve the required ten percent reduction in one year, it may still qualify for administrative relief by reducing its non-response rate by ten percent the next year.

<sup>16</sup> USDA has not yet issued guidance regarding how a district will be expected to document a ten percent improvement in its verification non-response between the 2003-2004 and 2004-2005 school years. But a district will be able to qualify to operate under the current verification sample size and selection requirements if it provides acceptable documentation.

If a school district has more than 20,000 children approved by application for free or reduced price meals as of October 1, 2005, it will be permitted to verify either a three percent random sample or a one-plus percent focused sample that year *if it attempts to verify eligibility using direct verification prior to contacting the household for documentation*. The school district must use data from at least two other permissible income-tested programs during the fall of 2005 to verify eligibility for free or reduced-price meals. This important, one-time incentive to do direct verification reflects Congress' keen interest in reducing duplicative paperwork by encouraging school districts to rely on data already verified by other programs. (Direct verification is discussed in more detail in the next section.)

It is important to note that under this provision, the *results* of the direct verification do not count in determining whether the district can continue to use current verification sample size and selection procedures; all that matters is that the district *conducts* direct verification as specified above. However, if a school district conducts direct verification in the fall of 2005 and thereby reduces its non-response rate by 10 percent, it may continue to use current verification sample size and selection criteria for the 2006-2007 school year. If the district continues to achieve a 10-percent decrease in its non-response rate or a non-response rate below 20 percent, it will be able to verify either a three-percent random sample or a one-plus percent focused sample in subsequent years. Thus, successful implementation of direct verification would likely reduce a school district's workload in the long run.



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### III. New Tools to Increase Verification Response Rates

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Even as it increased verification requirements, Congress was extremely concerned about the problem of eligible children losing free or reduced-price meals as a result of the verification process. It therefore provided schools with new mechanisms to reduce the number of households that must be approached for verification information, which will reduce the number of children who lose school meal benefits because their parents did not respond to the verification request.

Research suggests that more than one-third of households selected for verification — and in large metropolitan areas, more than half — do not respond to the verification request, even though many are eligible for free or reduced-price meals.<sup>17</sup> Some eligible parents do not respond because they do not want to share personal documents like pay stubs with school staff. Others do not respond because they do not receive the request or are unable to read (or unable to read English).

The reauthorization legislation includes two provisions, direct verification and substitution, designed to reduce the paperwork associated with verification while reducing the number of eligible children who lose meal benefits as a result of the process. These provisions, which become available for the 2005-2006 school year, will also help school districts increase their verification response rates and possibly qualify for relief from some of the new verification requirements, as described in the previous section. Thus, these provisions can benefit families and school districts alike. In fact, they were promoted jointly by anti-hunger advocates, the Hispanic Education Coalition, urban and rural education organizations, and school meals programs administrators. (Appendix A describes some steps school districts can already take to increase their verification response rates.)

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<sup>17</sup> See *Direct Certification in the National School Lunch Program—Impacts on Program Access and Integrity*, Figure IV.1 and *Case Study of National School Lunch Program Verification Outcomes in Large Metropolitan School Districts*, Table III.1.

## A. Direct Verification

The reauthorization legislation expands and codifies a current option known as “direct verification,” which allows school districts to use data from another income-tested program to verify eligibility for school meals programs in lieu of contacting the household.<sup>18</sup> This option is intended to reduce paperwork for school districts and families and to ensure that eligible children do not lose access to free or reduced-price meals because their parents do not receive or respond to the verification request. Congress was particularly concerned about vulnerable children whose parents might have difficulty understanding or responding to the verification request, such as parents with limited English proficiency.

Starting July 1, 2005, this new option will be an important mechanism by which school districts can increase their verification response rates and possibly qualify for reduced verification requirements (as discussed in the previous section). If eligibility is verified using data from another program or agency, the resulting verification is a “response” for purposes of calculating the verification response rate. In that case, the school district should not contact the household.

### How Was the Option Expanded?

The direct verification provisions in the reauthorization statute extend a little-utilized regulatory option that allows school districts to use data maintained by public agencies to verify eligibility if the school district has legal access to that data.<sup>19</sup> The new statute strengthens this option in several important ways:

- A number of districts have taken advantage of the existing option to contact a local welfare agency to verify school meal applications that listed a food stamp, TANF cash assistance, or FDPIR case number as the basis of eligibility. The new statute clarifies that school districts may also contact a welfare agency to verify the eligibility of households that provided *income data* on their applications. (To demonstrate their eligibility for school meals programs, applicants must either provide household income data or a case number from one of the aforementioned programs.)
- The new statute expands the types of program information that can be used to satisfy the verification requirement to include Medicaid data and data from other income-tested programs. The Medicaid statute was amended to clarify that Medicaid data related to income or program participation can be shared for the purpose of conducting direct verification.<sup>20</sup> This change will significantly improve schools districts’ ability to verify eligibility because many more low-

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<sup>18</sup> See Section 9(b)(3)(F) of the Richard B. Russell National School Lunch Act (42 U.S.C. § 1758(b)(3)(F)) as amended by Section 105(a) of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).

<sup>19</sup> See 7 C.F.R. § 245.6a(a)(1) and (3) and 7 C.F.R. § 245.6a(b)(3).

<sup>20</sup> See Section 1902(a)(7) of the Social Security Act (42 U.S.C. § 1396a(a)(7)) as amended by Section 105(b) of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).

income children participate in Medicaid than receive food stamps or TANF cash assistance.<sup>21</sup>

- Data from these other programs from up to 180 days before the school meals application was submitted may be used. This will make it easier for programs to provide data that may be used for verification by expanding the universe of data available for direct verification purposes.<sup>22</sup>
- Under the new statute, data from another program may be used to verify a child's eligibility even if that program uses a different definition of the household, family unit, or income than the school meals programs do. Congress provided such flexibility in order to encourage districts to use direct verification rather than duplicating the work of other programs.

### **What Kinds of Data May be Used for Direct Verification?**

Under the new provisions, eligibility for free or reduced-price meals may be verified in a number of ways, as described below. (See Appendix B for a chart comparing the data sources that may be used for direct verification to the data sources that may be used for direct *certification*, which is discussed in the next section.)

- Participation in the Food Stamp Program, TANF cash assistance, or FDPIR verifies a child's eligibility for free meals.
- Participation in the Medicaid "poverty level" category for children (age 6 to 19) in a state that limits this category to families with incomes at or below 133 percent of the federal poverty line verifies a child's eligibility for free meals.<sup>23</sup>
- Participation in any program funded with TANF block grant or maintenance-of-effort (MOE) funds<sup>24</sup> in which the eligibility limit is at or below 130 percent of the poverty line verifies a child's eligibility for free meals.

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<sup>21</sup> See Appendix C for an estimate of the number of children age 6-18 enrolled in Medicaid in each state.

<sup>22</sup> For example, school districts could use income information obtained by another program in March in order to verify a school meal application submitted in August.

<sup>23</sup> States set the Medicaid eligibility limits under federal guidelines. See Appendix C for a list of state Medicaid eligibility limits for school-age children.

<sup>24</sup> In contrast to direct *certification*, which must be based on receipt of TANF *cash assistance*, income data from a wide array of TANF-funded programs (such as those that provide child care subsidies, employment training, and transportation subsidies) may be used for direct *verification*. In addition, income data from programs funded with state maintenance-of-effort funds — funds states must spend in order to draw down federal TANF funds — may be used for direct verification. For more information on TANF-funded programs, see the Welfare Information Network's summary of state TANF plans at <http://www.financeprojectinfo.org/WIN/state.asp>.

- Participation in the Medicaid “poverty level” category for children (age 6 to 19) in a state that limits this category to families with incomes at or below 185 percent of the poverty line verifies a child’s eligibility for reduced-price meals.
- Participation in any program funded with TANF block grant or maintenance-of-effort (MOE) funds in which the eligibility limit is at or below 185 percent of the poverty line verifies a child’s eligibility for reduced-price meals.

In states where the eligibility limit for Medicaid or other programs is *above* 130 percent of the poverty line, school districts can directly verify a child’s school meal eligibility if they can obtain *income* information from those programs, as described below. (Appendix C shows state-by-state Medicaid eligibility limits and enrollment levels for school-age children. The eligibility limit determines whether participation data may be used for direct verification or whether income data will be needed.)

- Income data relied on in administering Medicaid<sup>25</sup> or any program funded with TANF block grant or maintenance-of-effort (MOE) funds that shows a household’s income to be below 130 percent of the poverty line verifies a child’s eligibility for free meals.
- Income data relied on in administering Medicaid or any program funded with TANF block grant or MOE funds that shows a household’s income to be below 185 percent of the poverty line verifies a child’s eligibility for reduced-price meals.

The new statute lists the data sources described above, but also provides that other data sources may be used to verify eligibility for free or reduced-price meals under criteria to be established by USDA. State child nutrition agencies may wish to consider which programs (including state programs) and databases would offer useful data for verification purposes and consult with USDA about using those data sources. For example, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) collects income information and might be a useful source of data; a state or local child care subsidy program also may have the necessary information. In addition, some states operate programs that are very similar to federal programs but serve individuals who do not qualify for benefits under the federal program, such as immigrants or individuals who have exceeded a participation time limit.

### **Will Coordination with Other Programs Be Worthwhile?**

Effective July 1, 2005, state food stamp agencies will be required to assist in direct verification efforts if a state child nutrition agency or a school district requests their help.<sup>26</sup>

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<sup>25</sup> This is true even for states that rely on self-attestation for the initial Medicaid eligibility determination. State Medicaid programs routinely verify this information using data matching and other means.

<sup>26</sup> The expectation of Congress was that multiple agencies would cooperate in direct verification efforts. The legislation imposes a requirement solely on food stamp agencies because the Senate Agriculture Committee has jurisdiction over the Food Stamp Program but not over other programs that can provide data for direct verification. USDA has issued guidance on this requirement. See Implementation Memo, *Direct Certification and Direct*

### **Funding to Defray Implementation Costs**

The reauthorization legislation imposes new requirements on states and school districts, but as noted, it gives states an opportunity to minimize the administrative burden by establishing effective procedures to enhance program access and integrity. Moreover, the legislation provides some funding to offset implementation costs.

Specifically, \$9 million will become available October 1, 2005 for use by USDA or state food stamp or child nutrition agencies to implement the changes to the certification and verification processes. The legislation also doubled the minimum administrative grant to small states, so they will have additional federal resources available for various aspects of program administration — including certification and verification.<sup>a</sup> In addition, the legislation includes a “hold harmless” provision guaranteeing each state that for each year through fiscal year 2007 it will receive at least the level of administrative funds it received for fiscal year 2004.<sup>b</sup> Even with these additional administrative funds, some school districts will find it difficult to manage the increased workload resulting from the legislation.

Many of the provisions described in this paper could provide a source of administrative savings. Taking advantage of these new opportunities will likely require an initial investment of resources by state child nutrition agencies and school districts. They may need to invest, for example, in computer reprogramming or staff training. Some states are developing databases for use in complying with the No Child Left Behind Act; extending the use of these databases to include direct certification or direct verification for school meal programs would take planning and some resources, but over time it could reduce the cost of implementing the new school meals provisions.

Initial investments are likely to yield significant payoffs in the long run, both in reduced administrative burdens and in improved program access. Anti-hunger advocates can be important allies in securing the funding needed from Governors and state legislatures to implement new provisions that will improve low-income children’s access to food assistance.

<sup>a</sup> See Section 7(a)(2)(B) of the Child Nutrition Act of 1966 (42 U.S.C. § 1776(a)(2)(B)) as amended by Section 202(a) of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).

<sup>b</sup> See Section 7(a)(1)(B) of the Child Nutrition Act of 1966 (42 U.S.C. § 1776(a)(1)(B)) as amended by Section 202(a) of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).

Since in many states the food stamp agency also administers other programs, including TANF-funded programs, Medicaid, the State Children’s Health Insurance Program, and child care subsidies, this requirement is expected to make data from several programs available to school districts for direct verification. Of course, school districts may also approach state agencies other than the food stamp agency for assistance with direct verification efforts.

Of all the programs available to school districts, direct verification using Medicaid data holds the most promise for helping them to raise their verification response rates. One reason is that far more children participate in Medicaid than live in households receiving food stamps or

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*Verification of Children in Food Stamp Households*, November 15, 2004 and Implementation Memo, *The Food Stamp Program’s Role in Directly Certifying School-Age Food Stamp Recipients for the National School Lunch and School Breakfast Programs*, October 8, 2004, available at <http://www.fns.usda.gov/fsp/rules/Memo/04/100804.htm>.

TANF cash assistance. Nationwide, an estimated 13.6 million school-age children participated in Medicaid in 2003.<sup>27</sup> (Nevertheless, food stamp data will be useful as well: an estimated eight million school-age children lived in households receiving food stamps in an average month in fiscal year 2004,<sup>28</sup> and many more children receive food stamps throughout the year as families cycle on and off the program. The same holds true for TANF, even though it is a much smaller program: in fiscal year 2001, about two and a half million school-age children received TANF cash assistance, and even fewer do now, but far more children are served by the full range of TANF-funded programs.<sup>29</sup>)

A second reason why Medicaid data can prove valuable in direct verification efforts is that Medicaid (and SCHIP) participation by citizen children with immigrant parents has increased since 1996, while participation by such children in food stamps has declined. Because immigrant parents may face language barriers and have difficulty responding to the verification request, using Medicaid data to verify school meal eligibility could help ensure that citizen children with immigrant parents continue to receive the free or reduced-price meals for which they qualify.<sup>30</sup>

Finally, several provisions of the reauthorization legislation will make Medicaid a more fruitful source of verification data than TANF cash assistance or food stamps. For example, the legislation requires each school district to directly certify each child who is a member of a household receiving food stamps. (This requirement is discussed in the next section of this report.) Children who are directly certified are not subject to verification, so as districts implement the new direct certification requirement, the number of children in food stamp households who are subject to verification will decline, making food stamp data less and less useful for verification purposes.

In another example, the new requirement that the applications to be verified must be selected from those that report monthly household income within \$100 of the eligibility limit for free or reduced-price meals means that districts will need data for households close to 130 percent or 185 percent of the federal poverty line. Most households receiving food stamps or TANF cash assistance fall well below these income levels. Medicaid, in contrast, has higher

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<sup>27</sup> Center on Budget and Policy Priorities estimate based on data from the March 2004 Current Population Survey.

<sup>28</sup> Center on Budget and Policy Priorities estimate based on USDA data compiled in *Characteristics of Food Stamp Households: Fiscal Year 2002*, which is available at <http://www.fns.usda.gov/oane/MENU/Published/FSP/FILES/Participation/2002Characteristics.pdf>. Food stamp caseload data, including state-by-state tables, is available at <http://www.fns.usda.gov/pd/fspmain.htm>.

<sup>29</sup> Center on Budget and Policy Priorities estimate based on HHS data compiled in the *Temporary Assistance for Needy Families Fifth Annual Report to Congress*, which is available at <http://www.acf.hhs.gov/programs/ofa/annualreport5/index.htm>. TANF caseload data, including state-by-state tables, is available at <http://www.acf.hhs.gov/news/stats/newstat2.shtml>.

<sup>30</sup> See *Noncitizens' Use Of Public Benefits Has Declined Since 1996: Recent Report Paints Misleading Picture Of Impact Of Eligibility Restrictions On Immigrant Families*, Leighton Ku, Shawn Fremstad, and Matthew Broaddus, Center on Budget and Policy Priorities, April 21, 2003, available at <http://www.cbpp.org/4-14-03wel.pdf>.

eligibility limits in many states, so Medicaid participants are likely to be heavily represented in a verification sample under the new verification rules.<sup>31</sup>

Implementing direct verification will require initial investments by states or school districts, such as developing new software or making database programming changes. These costs need not be prohibitive, however. Some states are likely to set up statewide systems that local districts can use at little cost. In smaller districts, a data match could be conducted on the basis of a printed list of children that the district provides to the welfare agency (or vice versa). In some states or localities, the Medicaid agency will not be able to provide the data needed for verification unless the computer programming or administrative costs needed to prepare the data are covered; state child nutrition agencies may use their administrative funds to reimburse the Medicaid agency for its expenses.

These initial investments will offer substantial rewards over the long run. By using direct verification, state education agencies and school districts can take advantage of the rigorous income verification already conducted in other programs. This will allow school districts to gather more reliable verification information, increase verification response rates, possibly qualify for relief from some of the new verification requirements, and reduce the number of eligible children who lose school meal benefits because their parents did not respond to the verification request.

## **B. Substitution**

School districts will not be able to directly verify the eligibility of all selected applications, so they will continue to have to contact some families as part of the verification process. Recognizing that parents' failure to respond to verification requests could cause eligible children to lose school meal benefits, Congress gave school districts an additional tool in the reauthorization statute. Effective July 1, 2005, school districts will be allowed to replace five percent of the applications selected for verification with other applications.<sup>32</sup>

This provision does *not* allow a school district to reduce the total number of applications that must be verified, but it does allow the district to remove certain applications from the verification sample after reviewing them. In so doing, districts can increase their verification response rates and reduce the number of children who lose free or reduced-price meals as a result of the verification process.

Thus, while districts are not required to take advantage of this option, they and the low-income children they serve can benefit from it. If the school district removes from the verification sample households who are likely to be eligible for free or reduced-price meals but are unlikely to respond to the verification request and replaces them with households that respond to the verification request, the school district will increase its verification response rate

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<sup>31</sup> Seventeen states have Medicaid income eligibility limits for school-age children at or above 185 percent of the federal poverty line. See Appendix C.

<sup>32</sup> See Section 9(b)(3)(J) of the Richard B. Russell National School Lunch Act (42 U.S.C. § 1758(b)(3)(J)) as amended by Section 105(a) of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).

— by as much as five percent. As school districts make plans to implement the changes to the verification process next fall, they have an opportunity to develop procedures for calculating the maximum number of applications for which a substitution may be made, removing household applications selected for verification that meet the appropriate criteria, and replacing them with other applications.

USDA has not issued guidance providing the criteria under which school districts must evaluate an application before removing it from the verification sample, but floor statements by Senators Cochran and Harkin, the chair and ranking member of the Senate Agriculture Committee, suggest Congress' intent.<sup>33</sup> Senators Cochran and Harkin stated that substitution should be allowed if:

- the parents regularly do not respond to other school communications;
- the parents are from a community that is suspicious of questions from governmental entities (including school districts);
- the family is no longer residing at the address of record;
- the family is not reachable by telephone; or
- the family exhibits other barriers to verification.

The legislation does not specify that applications to be replaced must be identified at any particular stage in the verification process, so school districts apparently may substitute applications at any point so long as they do not substitute for more than five percent of the verification sample.

## Conclusion

In an effort to improve program integrity, the reauthorization legislation requires some school districts to increase the number of applications that they verify each year. The verification process was also changed, in part, to increase the verification response rate so fewer eligible low-income children would lose free or reduced-price meals because their parents did not respond to the verification request. The new law provides incentives to states and school districts to increase their verification response rates and offers two new tools to help achieve that goal.

First, school districts may directly verify eligibility for free or reduced-price meals by obtaining participation or income data from other means-tested programs. When districts directly verify eligibility in this manner, the information obtained is considered a “response.” Second, districts may replace five percent of the applications selected for verification with other applications. By utilizing the direct verification and substitution options, districts may reduce the number of eligible low-income children that lose free or reduced-price meals during the verification process, increase their verification response rates, and potentially qualify for an exemption from certain verification requirements.

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<sup>33</sup> See 150 *Congressional Record* S7245 (daily ed. June 23, 2004).



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## IV. Reducing the Number of Applications Processed and Verified

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Thus far, this paper has focused on ways school districts can limit their administrative burdens by increasing their verification response rates and qualifying for an exemption from certain new verification requirements. An additional way school districts can limit their administrative burdens is by reducing the number of applications they must process and verify. They can accomplish this by directly certifying as many children as possible — that is, approving them for free meals based on information provided by another agency or official.

Children who are directly certified are not required to submit an application; nor are they subject to eligibility verification because their eligibility has already been documented. Thus, direct certification makes the school meals enrollment process easier for low-income families. Furthermore, since the number of applications a district must verify is a percentage of the number of approved applications, and since children who are directly certified do not need to submit applications, districts can reduce the number of applications they must approve and verify by directly certifying a greater portion of the children they serve.<sup>34</sup> While direct certification is useful for all districts, it is especially important for districts in which a large portion of the students qualify for free or reduced-price meals.

The only children who can be directly certified are those who are “categorically eligible” for free meals, or automatically eligible based on their eligibility for some other benefit or service. Children receiving food stamps, TANF cash assistance, FDPIR benefits, and homeless children are categorically eligible for free meals. In the reauthorization legislation, Congress extended categorical eligibility to runaway and migrant children and made clear that homeless,

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<sup>34</sup> For example, if a district has 10,000 applications on file, it would have to verify three percent or 300 applications (assuming it did not qualify for relief from the new verification requirements). If instead the district directly certified 2,000 children and had 8,000 applications on file, it would have to verify only 240 applications. Districts that qualify for administrative relief would also benefit. If the district chose to verify a random sample of three percent of applications, the calculations above would hold. If the district chose to verify a focused sample of one percent of applications plus half a percent of applications listing a food stamp, TANF cash assistance, or FDPIR case number, it would benefit in two ways. One percent of 8,000 applications is 80 applications, whereas one percent of 10,000 applications would have been 100 applications. In addition, since some of the children that had submitted applications with a case number would have been directly certified, half a percent of applications with a case number would also represent a smaller number of applications.

runaway, and migrant children may be directly certified based on information provided by an appropriate official. Congress also established a new requirement that all children receiving food stamps be directly certified. These changes are discussed below.

## **A. Categorical Eligibility for Homeless, Runaway, or Migrant Children**

Homeless, runaway, and migrant children are typically extremely poor, with household income well below the free-meal eligibility limit. Yet they often experience gaps in school meal eligibility as a result of frequent moves. To improve these vulnerable children's access to school meals, a coalition of advocates representing low-income children, school meals programs administrators, and Latino families encouraged Congress to allow such children to be directly certified.

Under the new legislation, as of July 1, 2004, homeless, runaway, and migrant children are categorically eligible for free school meals and may be directly certified based on lists provided by a local shelter director, a school district's homeless liaison or migrant education coordinator, or similar officials.<sup>35</sup> Once directly certified based on such a list, a child remains eligible for free meals for the remainder of the school year and the school district does not have to approve an application. In addition, because such children are not subject to verification, directly certifying them based on such a list is another way in which a school district can reduce the number of applications it must verify.

USDA has issued general guidance regarding implementation of the new provisions<sup>36</sup> and more specific guidance regarding identification of runaway youth<sup>37</sup> and migrant children.<sup>38</sup> To ensure that these children receive free meals as quickly as possible, state child nutrition agencies and school districts will want to establish procedures to identify homeless, runaway, or migrant children as soon as they meet the required definitions or as soon as they enroll in the school district.

### **Homeless Children**

Even before the new legislation, school districts were permitted to directly certify homeless children under administrative guidance from USDA. Thus, many districts already have procedures in place for identifying homeless children. Implementation of the new legislation

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<sup>35</sup> See Sections 9(b)(12)(A) and 9(d)(2) of the Richard B. Russell National School Lunch Act (42 U.S.C. § 1758(b)(12)(A) and 42 U.S.C. § 1758(d)(2)) as amended by Section 107 of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).

<sup>36</sup> See Implementation Memo, *Categorical Eligibility for Free Lunches and Breakfasts of Runaway, Homeless, and Migrant Youth*, July 19, 2004, available at [http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization\\_memos\\_04/2004-07-19.pdf](http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization_memos_04/2004-07-19.pdf).

<sup>37</sup> See Implementation Memo, *Guidance on Determining Categorical Eligibility for Free Lunches and Breakfasts for Youth Served under the Runaway and Homeless Youth Act*, September 17, 2004, available at [http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization\\_memos\\_04/2004-09-17.pdf](http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization_memos_04/2004-09-17.pdf).

<sup>38</sup> See Implementation Memo, *Categorical Eligibility for Free Lunches and Breakfasts for Migrant Children*, August 16, 2004, available at [http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization\\_memos\\_04/2004-08-16.pdf](http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization_memos_04/2004-08-16.pdf).

creates an opportunity for districts that are not already doing so to work with local shelter directors and the liaison designated as required under the McKinney-Vento Homeless Assistance Act to facilitate rapid identification and certification of homeless children.<sup>39</sup> (The definition of homeless children in the new legislation is the one used in the McKinney-Vento Homeless Assistance Act,<sup>40</sup> which includes children who lack a fixed, regular, and adequate nighttime residence, children staying in a motel, sleeping in a public place, or residing in a shelter, and children in households living doubled-up as a result of loss of housing or economic hardship. School districts will not have to determine which children meet the definition since they can rely on the lists provided by shelter directors or homeless liaisons.)

In addition, as a result of the full-year eligibility provisions of the reauthorization statute (discussed in the next section), school districts will no longer have to track when children cease to be homeless. A homeless child who is declared eligible for free meals remains eligible for the duration of the school year even if the child moves into permanent housing.

Earlier policy guidance issued by USDA explained that, in situations in which families are temporarily living doubled-up, the “host family” may include on its application the members of the homeless family staying with it so long as any income received by the homeless family is also reported.<sup>41</sup> The guidance also clarified that even if the homeless family is included on the host family’s application, the homeless children should be certified on the basis of identification by an appropriate official rather than on the basis of the application. This policy is not inconsistent with the new statutory provisions so there is no reason to believe the new provisions would alter it.

### **Runaway Youth**

Although many runaway youth would fall under the McKinney-Vento Homeless Assistance Act’s definition of homeless children, their separate inclusion under the reauthorization statute allows for new procedures to be developed for identifying such children. Under the new provisions, runaway children are defined as those served by the runaway and homeless youth grant program established under the Runaway and Homeless Youth Act.<sup>42</sup>

Through that program, the U.S. Department of Health and Human Services makes grants directly to community-based organizations that operate shelters, transitional living programs, or street outreach programs for runaway youth. The new legislation permits grantee organizations to give school districts lists of the children they serve so these children can be directly certified for free meals.<sup>43</sup>

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<sup>39</sup> See 42 U.S.C. § 11431 et seq.

<sup>40</sup> Specifically, the child must meet the definition in Section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. § 11434a(2)).

<sup>41</sup> See *Updated Guidance for Homeless Children in the School Nutrition Programs*, April 4, 2002, available at <http://www.fns.usda.gov/cnd/Governance/Policy-Memos/2002-04-04.pdf>.

<sup>42</sup> See 42 U.S.C. § 5701 et seq.

Since school districts may not have worked with these organizations in the past, they may need to establish procedures for obtaining lists of eligible children directly from them or for the homeless liaison to obtain such lists. A list of fiscal year 2004 grantees is available from the Center on Budget and Policy Priorities upon request.<sup>44</sup> In addition, each regional office of the U.S. Department of Health and Human Services has a regional youth specialist who may be able to help identify and build relationships with grantees.<sup>45</sup> Each regional office also has an agreement with an outside organization to provide technical assistance to grantees; these organizations may be able to help grantees provide information to school districts.<sup>46</sup>

### **Migrant Children**

While nearly all migrant children were eligible for free school meals prior to reauthorization based on their very low household income, they were not categorically eligible. Thus, they could receive free meals only if their families completed an application each time they enrolled in school. Under the reauthorization statute, migrant children are now categorically eligible for school meals and may be certified based on identification by an appropriate official. USDA has issued guidance that provides important details regarding the procedures school districts are expected to establish to facilitate implementation of this new categorical eligibility.<sup>47</sup>

The Migrant Education Program provides educational and support services to children whose families move to obtain temporary or seasonal work in the agriculture, dairy, or fishing industry. Most school districts have a designated migrant education or federal program coordinator who administers the Migrant Education Program and ensures that eligible migrant children are identified and recruited to the program. (Sometimes this is handled at a regional level.) These coordinators maintain lists of children identified as eligible for the program based on the definition in the federal Elementary and Secondary Education Act. This same definition is used for eligibility for free school meals.<sup>48</sup> It is the responsibility of the migrant education

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<sup>43</sup> For more information on the list and the runaway and homeless youth grant program, see Implementation Memo, Guidance on Determining Categorical Eligibility for Free Lunches and Breakfasts for Youth Served under the Runaway and Homeless Youth Act, September 17, 2004, available at [http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization\\_memos\\_04/2004-09-17.pdf](http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization_memos_04/2004-09-17.pdf).

<sup>44</sup> Updated lists reflecting new grantees may be obtained from the National Clearinghouse on Families & Youth by emailing [info@ncfy.com](mailto:info@ncfy.com).

<sup>45</sup> Links to information about each regional office's Regional Youth Specialist are available at <http://www.acf.hhs.gov/programs/fysb/acfweb.htm>.

<sup>46</sup> A list of the organization providing technical assistance in each region and contact information is available at <http://www.acf.hhs.gov/programs/fysb/TTAP.htm>.

<sup>47</sup> See Implementation Memo, *Categorical Eligibility for Free Lunches and Breakfasts for Migrant Children*, August 16, 2004, available at [http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization\\_memos\\_04/2004-08-16.pdf](http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization_memos_04/2004-08-16.pdf).

<sup>48</sup> Specifically, the child must meet the definition in Section 1309 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. § 6399).

program or federal program coordinator, however, not the school district, to determine which children meet the definition.

The basic procedure USDA has outlined for certification of migrant children is simple and analogous to the procedure for homeless children: the migrant coordinator needs to provide a list of children identified as eligible for free meals to a school meals program administrator.

To ensure that migrant children are identified and certified as rapidly as possible, school districts can establish procedures so that the migrant education coordinator provides school meal program officials with the names of newly identified migrant children on a regular basis. As with homeless children, school districts will no longer have to track when children are no longer considered migrants; a migrant child's free meal eligibility remains effective for the duration of the school year even if the child no longer meets the statutory definition.

## **B. Direct Certification of Children in Food Stamp Households**

Since 1991, school districts have had the option of certifying children who are categorically eligible for free school meals without requiring the household to complete an application. This option applies to children in households receiving food stamps, TANF cash assistance, or FDPIR benefits.<sup>49</sup> Instead of requiring an application from the household, the school district obtains documentation that the child receives such benefits from the state or local agency responsible for administering the program and certifies the child to receive free meals on that basis.

This process is known as “direct certification” and results in a household's automatic enrollment for free school meals. Since the family has already gone through the rigorous eligibility determination process for the food stamp, TANF cash assistance, or FDPIR program, the school meals programs can be certain that the family is needy and eligible for free meals. Therefore, children who have been directly certified are not subject to subsequent eligibility verification by the school district.

Direct certification has been found to be an extremely accurate method of certification and reduces paperwork for both school districts and families.<sup>50</sup> In recognition of this success, the reauthorization legislation *requires* each school district to directly certify for free school lunches and breakfasts each child who is a member of a household receiving assistance under the Food Stamp Program.<sup>51</sup> This new requirement was strongly supported by a coalition of anti-hunger advocates, education groups, and school meals programs administrators, as well as USDA.

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<sup>49</sup> A chart comparing the data sources that may be used for direct *certification* to the data sources that may be used for direct *verification* appears in Appendix B.

<sup>50</sup> See *Direct Certification in the National School Lunch Program—Impacts on Program Access and Integrity*, Chapter IV.A.2 and *National School Lunch Program Application/Verification Pilot Project — Report on First Year Experience*, Food and Nutrition Service, USDA, Report Number CN-02-AV, August 2002, Chapter 6, available at <http://www.fns.usda.gov/oane/MENU/Published/CNP/FILES/NSLPAppYear1.pdf>.

The requirement is phased in over three years: beginning in the 2006-2007 school year it will apply to school districts with more than 25,000 students enrolled the prior year, beginning in the 2007-2008 school year it will apply to districts with more than 10,000 students enrolled the prior year, and beginning in the 2008-2009 school year it will apply to all districts.

In effect, this provision entitles each child in a household receiving food stamps to free lunches and breakfasts without having to complete a school meal application and without being subject to eligibility verification. Congress' goals in establishing this requirement were to improve program integrity and make the program more accessible to children who are especially vulnerable to food insecurity.<sup>52</sup> Congress also sought to reduce paperwork for school districts by allowing them to rely on eligibility determinations made by other agencies. This provision is consistent with recent changes in the Food Stamp Program, where Congress has taken steps to reduce duplicative paperwork and has established the expectation that government agencies will share information for the purposes of improving program integrity and reducing the burden on low-income program participants.

The reauthorization legislation also requires state agencies that administer the Food Stamp Program to assist school districts and state child nutrition agencies in implementing direct certification and direct verification (discussed in the previous section).<sup>53</sup> A provision that takes effect July 1, 2005 *requires* each food stamp agency to enter into an agreement with the state agency that administers the school lunch program.<sup>54</sup> The agreement must establish procedures that ensure that: 1) any child receiving food stamp benefits is certified as eligible for free breakfasts and lunches without further application and 2) the food stamp agency cooperates in carrying out direct certification and direct verification for free and reduced-price school meals. USDA has notified state food stamp agencies regarding these provisions.<sup>55</sup> State child nutrition agencies and school districts that have encountered reluctance by state or local food stamp agencies to participate in the direct certification process will now be able to obtain the assistance they need.

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<sup>51</sup> See Section 9(b)(4) of the Richard B. Russell National School Lunch Act (42 U.S.C. § 1758(b)(4)) as amended by section 104(a)(2)(C) of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).

<sup>52</sup> More than half of food stamp households have been found to be food insecure. In addition, compared to nonparticipating households in the same income ranges and with similar household composition, food stamp participants are twice as likely to experience hunger. See *Household Food Security in the United States, 2002*, United States Department of Agriculture, October 2003, available at <http://www.ers.usda.gov/publications/fanrr35/>.

<sup>53</sup> See Section 11(u) of the Food Stamp Act of 1977 (7 U.S.C. § 2020) as amended by Section 104(b)(2) of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).

<sup>54</sup> Section 9(b)(4) of the Richard B. Russell National School Lunch Act (42 U.S.C. § 1758(b)(4)) and Section 11(u) of the Food Stamp Act of 1977 (7 U.S.C. § 2020), as amended by Section 104 of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265). See also Implementation Memo, *Direct Certification and Direct Verification of Children in Food Stamp Households*, November 15, 2004.

<sup>55</sup> See Implementation Memo, *The Food Stamp Program's Role in Directly Certifying School-Age Food Stamp Recipients for the National School Lunch and School Breakfast Programs*, October 8, 2004, available at <http://www.fns.usda.gov/fsp/rules/Memo/04/100804.htm>.

While direct certification of children in food stamp households is already widespread, many districts will be undertaking it for the first time. A recent nationwide study conducted by Mathematica Policy Research for USDA found that 61 percent of school districts used direct certification in the 2001-2002 school year.<sup>56</sup> Thus, approximately one-third of all school districts will have to implement direct certification for the first time over the next four years.

The same study also found that the districts currently conducting direct certification missed many eligible children. On average, 18 percent of children approved for free meals were enrolled on the basis of applications even though they could have been directly certified.<sup>57</sup> Because not all districts use direct certification and those that use it do not yet reach all eligible children, there is significant opportunity to expand the number of children who are directly certified.

This will yield two critical benefits. First, a district that directly certifies a greater portion of the children eligible for direct certification will face less paperwork. Fewer applications will have to be processed, and the verification sample size will be smaller so fewer applications will have to be verified. Second, more needy children will get free meals for the full school year, and their families will not have to go through an additional application process.

As state and local child nutrition administrators implement the direct certification requirement for food stamp households, they will need to make a number of decisions about specific procedures to adopt. Below are discussions of a few key issues.

### **Methods of Identifying Students Categorically Eligible for Free Meals**

State agencies and school districts use two main methods of direct certification: data matching and letters to households. Under the data-matching method, a list of students is compared (either electronically or manually) to a list of children in households receiving food stamps. This comparison is sometimes conducted at the state level by the welfare agency or the agency that administers the school meals programs; alternatively, a school district may work with a local welfare agency to compare lists. Once a child has been identified as a member of a household that receives food stamp benefits, the child is certified, and the household is notified and given a chance to decline certification. According to Mathematica's study of direct certification, 80 percent of districts that conducted direct certification during the 2001-2002 school year used a data-matching process.<sup>58</sup>

Under the letter approach, the state or local welfare agency sends a letter to households receiving food stamp or TANF cash assistance benefits that have school-age children. The household, in turn, can submit this letter to the school to certify the children for free meals.

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<sup>56</sup> See *Direct Certification in the National School Lunch Program—Impacts on Program Access and Integrity*, Table II.1.

<sup>57</sup> *Ibid.*, Table II.7.

<sup>58</sup> *Ibid.*, Table II.5.

While little research has been conducted on the subject, there is reason to believe the data-matching approach has greater potential to increase the portion of eligible children who are directly certified. Illinois recently switched from optional data-matching to sending out letters statewide and conducted a rigorous evaluation of the results.<sup>59</sup> The number of children directly certified increased significantly, in part because only about six percent of districts had been participating in the optional match process. But the evaluation also highlights some serious problems with the letter method.

Illinois found that fewer than half of the letters the state mailed out were ultimately submitted to school districts for certification. (Four percent of the letters never reached the intended recipient and were returned to the welfare agency.<sup>60</sup>) More than two-thirds of the households that did not submit the letter completed an application with a case number, which indicates they did in fact want to be certified for free meals.<sup>61</sup> Moreover, in some districts, letters were included in the pool of applications subject to verification, which created unnecessary paperwork for the district and deprived families of one of the benefits of direct certification. These findings raise questions about the effectiveness of the letter approach.

In addition, a data matching system would likely be easier to refine and improve than a letter system. For example, school districts in Washington, which uses a data matching system, realized that some children receiving food stamps or TANF cash assistance were being missed because they used their legal name when applying for food stamp or TANF benefits and a less formal name when enrolling in school. Match rates improved after school districts started to ask for the child's legal name in the enrollment process. Not all data-matching improvements will be so straightforward, but over time weaknesses in a data matching system can be identified and addressed. In contrast, it would be very difficult for state agencies to change the behavior of parents who do not submit the letter they are sent.

Moreover, it is not clear that the letter approach complies with the reauthorization statute, which states that school districts “shall certify a child who is a member of a household receiving assistance under the food stamp program as eligible for free lunches ... and free breakfasts ... *without further application*” (emphasis added).<sup>62</sup> USDA has not yet issued guidance on what state agencies and school districts must do to comply with the new direct certification requirement. As state agencies and school districts make plans to implement these provisions, however, they should keep the statutory language in mind and consider how it might be interpreted through the regulatory process.

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<sup>59</sup> See *Phase I Evaluation Report: The New Direct Certification Process for Approving Eligible Students for Free School Meal Benefits in the State of Illinois*, Beverly S. Bunch, Ernest L. Cowles, and Richard Schuldt, University of Illinois at Springfield, December 2003. The evaluation excludes Chicago, for which data were not available; about half of all food stamp and TANF recipients in Illinois reside in Chicago.

<sup>60</sup> *Ibid.*, page 10.

<sup>61</sup> Thirty-five percent of children in households receiving food stamps or TANF cash assistance submitted an application. *Ibid.*

<sup>62</sup> Section 9(b)(4)(C) of the Richard B. Russell National School Lunch Act (42 U.S.C. ' 1758(b)(4)(C)) as amended by Section 104 (a)(2)(C) of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).



Several states have already adopted statewide data matching systems that offer models for other states. For example, Texas maintains a statewide student database that is accessible by each district using a secure internet connection. The state Agriculture Department, which oversees the school meals programs, compares students in the database to food stamp caseload data tapes provided by the state's welfare agency. When a match is identified, the child's name, identification information, and school are transferred to a direct certification list. Each school district can then access the system and identify which children have been matched and therefore are directly certified for free meals. The district notifies the household and gives it an opportunity to decline benefits.<sup>63</sup>

Washington, which uses a similar statewide data matching system, has found a way to reduce the paperwork burden on school districts. Whenever a household is approved for food stamp benefits, the approval notice sent out by the food stamp agency also notifies the household that it is eligible for free school meals (if it includes a child who attends a school that participates in the USDA school meals programs) and provides an opportunity for the household to decline certification. This means the school district does not need to send a separate letter to the household after learning that a child has been matched and can be directly certified for free meals.<sup>64</sup>

### **How Frequently to Conduct Direct Certification**

Although the application and certification process usually takes place at the start of the school year, many children become eligible for free or reduced-price meals during the school year when their families' economic circumstances deteriorate. Some 2.9 million families with children enrolled in the Food Stamp Program at some point between October 2003 and June 2004,<sup>65</sup> these families may not have been identified as eligible for free meals even though they could have been directly certified. Although some school districts conduct direct certification more than once during each school year, many do not.

The direct certification provisions in the reauthorization statute make no distinction between children in households that are receiving food stamps when the school year starts in August or September and those whose households do not begin receiving food stamps until later in the school year.<sup>66</sup> The statute also makes no distinction between children in households receiving food stamp benefits who enter school at the beginning of the school year and those who transfer to the school later in the year. Directly certifying children promptly for free school meals if they move or become eligible during the school year would help to ensure that a

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<sup>63</sup> Interview by Center for Public Policy Priorities with Texas state officials (September, 2004).

<sup>64</sup> Interview with Washington state officials (September, 2004).

<sup>65</sup> Center on Budget and Policy Priorities estimate based on Food Stamp Program administrative data and tabulations of the Food Stamp Quality Control Data for Fiscal Year 2002.

<sup>66</sup> Historically, August and September are two of the months with the lowest food stamp participation of the year. Many low-income households that are not receiving food stamps in these months come onto the program later as seasonal jobs in agriculture, construction, tourism, and some parts of the retail economy disappear. Food stamp participation does not peak until March or, in some years, April.

particularly vulnerable group of children — one especially prone to food insecurity — receives needed food assistance quickly rather than possibly waiting for up to 11 months for the start of the following school year.

Washington offers a model of how children can be identified for direct certification throughout the school year. When a new student enrolls in a school district, that district enters the child's name in a database maintained by the state education department. Each night, all students in the database are matched against a list of children in households receiving food stamps or TANF cash assistance, which is provided monthly by the state's welfare agency. The next day, the school district checks the database to determine whether the child may be directly certified.

As a result, when a child in a household that is already receiving food stamps or TANF cash assistance changes school districts and is entered in the student database by the new district, the child is directly certified the very next day. When a household begins receiving food stamps or TANF cash assistance during the school year, the child is directly certified within one month. In addition, at any point, a school district could use the database to identify all students in the district — not just new students — who have been identified as members of households receiving food stamps or TANF cash assistance.<sup>67</sup>

USDA has not yet issued guidance on how frequently direct certification should be conducted, but the statute appears to create an entitlement for children in households receiving food stamps to free meals without going through an application process. To make that entitlement meaningful, districts would need to identify and directly certify eligible children throughout the school year.

Low-income children would clearly benefit from being certified for free meals as soon as they are eligible. Prompt direct certification would provide a valuable service to families in need, who often do not know or remember that their children may qualify for free school meals, by eliminating the need to complete another application at a time of transition due to a household move or loss of income.

School districts will also benefit from the rapid direct certification of children eligible for free meals. They will not have to process as many applications throughout the school year. In addition, they will not have to face the choice of turning away a poor child who cannot pay for a meal or absorbing the cost of feeding that child.

### **Identifying All Siblings in a Household**

One weakness of direct certification has been that data matching sometimes does not capture all of the siblings in a household. Mathematica's study of direct certification found that

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<sup>67</sup> Interview with Washington state officials (September, 2004).

about half the school districts surveyed reported concerns about some children in a household being directly certified while their siblings were not.<sup>68</sup>

Under the new legislation, direct certification is required for any “child who is a member of a household receiving assistance under the food stamp program.” There are two kinds of siblings who could be identified and directly certified more effectively: those who are receiving food stamp benefits but are not identified through the match process, and those who are not food stamp recipients but are members of a household in which some members receive food stamps.

- **Siblings not identified through the match process.** Failure to identify all siblings receiving food stamp benefits likely results from problems with the data matching process. (Such problems could arise, for example, if the parameters require a perfect match on data such as the middle name, where discrepancies between school records and food stamp records are likely.) Changes to the matching process can allow for the identification of additional siblings.

Oregon has developed an effective system for identifying siblings who are receiving food stamp benefits. First, a database of students is compared to a database of children in households receiving food stamps or TANF cash assistance. If the Social Security number, name, and date of birth or gender agree for a particular child, that child is considered “matched.” After the initial data match, a second match is conducted in which all matched children are compared to unmatched children in households receiving food stamps or TANF cash assistance. If an unmatched child’s address and the name of the head of household agree with those in the file of a matched child, the additional child is considered matched. State officials report that this second match helps identify siblings, ensuring that more children are directly certified. If a sibling still has not matched, the household is permitted to submit a form completed by the local welfare office to receive free meals.<sup>69</sup> Unless USDA issues guidance restricting eligibility to children individually receiving food stamps, which would appear to be inconsistent with the text of the reauthorization legislation (as discussed below), this last step could be eliminated; siblings could be directly certified based without requiring them to submit an additional form.

In addition, data matching would be more effective if USDA allows any sibling known to the food stamp agency to be directly certified based on the match of at least one other child in the household. In other words, an individual match would be required for only one sibling in a household receiving food stamps; based on that match, other siblings in the household who could be identified by the food stamp agency would be directly certified too. In general, food stamp agencies have the capacity to identify all siblings in a household that are individually eligible to receive food stamps, even if a data match is made for only one, and

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<sup>68</sup> See *Direct Certification in the National School Lunch Program—Impacts on Program Access and Integrity*, Table II.6.

<sup>69</sup> Interview with Oregon state officials (September, 2004).

could provide the names of all siblings to the state child nutrition agency or to school districts. This approach would be more comprehensive than requiring an individual match.

- **Siblings in households receiving food stamps who are not food stamp recipients.** Three primary groups of children fall into this category: undocumented immigrants, who are not eligible for food stamp benefits; citizen children's non-citizen siblings who are eligible for food stamps but whose parents decline benefits for them (typically because they fear participation will negatively affect their immigration status); and, in California, individual children receiving Supplemental Security Income recipients, who are not eligible for food stamps but instead receive an amount equivalent to their food stamps as part of their SSI cash payment.<sup>70</sup>

While USDA has not issued guidance on implementation of this provision, the statute implies that if a child's *household* is receiving food stamps, the child must be directly certified regardless of whether that child individually is participating in the Food Stamp Program and regardless of whether that child is identified through a match.

In some instances, food stamp agencies may not have information about household members who do not receive food stamp benefits. In such instances, if a school district has knowledge of a sibling of a child who has been identified through a data match — in school records, for example — the district could develop procedures to directly certify additional siblings based on the match of one sibling.

### **Disregarding Paper Applications**

Sometimes households that could be directly certified are certified based on a paper application instead. When this occurs, the school district does not receive the benefits of reduced application processing and a smaller verification sample. The household loses out as well: first, because it completed an application in spite of the directive that it be certified “without further application,” and second, because it could be subject to verification.

State child nutrition agencies and school districts can take steps to ensure that all children who can be directly certified are certified through the direct certification process rather than on the basis of a paper application. For example, districts can ensure that they do not process an application received after the child was directly certified by providing applications only to households that have *not* been directly certified. In addition, if a school district receives an application from a household that has already been directly certified, the district can disregard the application for purposes of making an eligibility determination.<sup>71</sup>

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<sup>70</sup> In California, the siblings of children receiving SSI are still eligible for food stamps.

<sup>71</sup> If a sibling who has not been directly certified is noted on the application, procedures for directly certifying a sibling could be followed. A district that wants to collect the kind of information that is typically collected on an

Although USDA has not issued guidance on procedures that will be required under the new direct certification provisions, the practices described above are consistent with the Senate Committee Report on these provisions: “When implementing these provisions, the Committee expects the Secretary and State agencies to encourage school food authorities to disregard the paper meal applications of students that have already been directly certified.”<sup>72</sup>

## **Conclusion**

Congress expanded the role of direct certification in the school meals programs. This step was taken because direct certification is an extremely reliable enrollment method for low-income children that also ensures that very poor children at risk of food insecurity are certified for free meals and protects them from losing meal benefits if their parents do not respond to the verification request. Moreover, this enrollment method can ease administrative burdens on school districts by reducing the number of applications they must process and verify.

Under the new legislation, homeless, runaway, and migrant children may be directly certified based on information provided by an appropriate official. Congress also established a new requirement that all children in households receiving food stamps be directly certified.

Although nearly two-thirds of school districts already conduct direct certification, research indicates that many children who could be directly certified are missed and instead submit an application. School districts that are already conducting direct certification have an opportunity to strengthen their procedures to identify more of the children eligible for direct certification. Districts that will implement direct certification for the first time can adopt practices that are especially effective at identifying children eligible for direct certification. State child nutrition and food stamp agencies can play an important role in facilitating the adoption of such practices.

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application for the purposes of providing other benefits to the household may use a form that indicates very clearly that it is not a free or reduced-price meal application and that submission is not required to receive free or reduced-price meals.

<sup>72</sup> Senate Report 108-279, page 26 (June 7, 2004).



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## V. Full-Year Eligibility

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As of July 1, 2004, the reauthorization legislation makes official policy the long-standing practice of allowing a free or reduced-price meal certification to remain in effect for the entire school year.<sup>73</sup> A broad consensus existed for this policy change, which was supported by USDA as well as anti-hunger groups, urban and rural education groups, and administrators of the school meals programs.

Since the requirement to report changes in income or household size was not emphasized in the past, full-year eligibility will affect very few children's eligibility for school meal benefits. However, it will simplify program administration by relieving school districts of any burden of tracking frequent changes in household circumstances that can arise, for example, when parents' wages fluctuate or when parents with joint custody have different income levels.

Adoption of full-year eligibility reflects a shift in Congress' focus regarding school meal eligibility. Congress did not consider monitoring changes in family circumstances a good use of limited school district resources or a worthwhile burden to place on low-income families. Therefore, the reauthorization statute sought to improve the accuracy of eligibility determinations at the *start* of the school year and then simplify the process for the remainder of the year. This change is consistent with recent changes in other means-tested programs. For example, children may now be certified for Medicaid for up to twelve months without having to report changes in circumstances and similarly may receive food stamps for up to six months without having to report changes.

Full-year eligibility will also have important benefits for the measurement of program errors. Previous studies did not distinguish among various kinds of errors, including those that resulted when household income or composition changed. From now on, even if a household's circumstances change, the child's certification status will not be considered in error if the initial certification decision was correct.

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<sup>73</sup> See Section 9(b)(9) of the Richard B. Russell National School Lunch Act (42 U.S.C. § 1758(b)(9)) as amended by Section 106 of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265) and Implementation Memo, *Duration of Households' Free and Reduced Price Meal Eligibility Determinations*, July 7, 2004, available at [http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization\\_memos\\_04/2004-07-07.pdf](http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization_memos_04/2004-07-07.pdf). The guidance points out that school districts may continue to certify a household on a temporary basis if the basis for eligibility appears to be short-term.

## Effects on Directly Certified Children

Another benefit of full-year eligibility is that school districts will no longer need to identify children in households that stop receiving food stamps, TANF cash assistance, or FDPIR benefits during the course of the year. Full-year eligibility applies to children who are eligible for free school meals because they receive one or more of those benefits just as it applies to children who are eligible for free school meals because of their household income.

Moreover, full-year eligibility applies to homeless, runaway, and migrant children as well.<sup>74</sup> Once a district certifies such a child based on a list provided by a homeless liaison, shelter director, or migrant education coordinator, the child remains eligible for the full school year; the district need not determine whether the child continues to meet the statutory definitions of homeless, runaway, or migrant children.

## Verifying Eligibility

Despite the benefits that full-year eligibility offers, children in households whose composition or income changes between the time of application and the time of verification could have difficulty documenting their eligibility during the verification process. Anticipating such situations, FNS has issued guidance requiring school districts to accept documentation for *any point in time* between the month prior to application and the time the household is required to provide documentation.<sup>75</sup>

In the past, households selected for verification were asked to provide documentation of income or categorical eligibility for the month prior to the verification request. School districts will need to consider how to notify families that they will accept documentation of eligibility for any point since the month prior to when the application was completed.<sup>76</sup>

## Portability of Eligibility

The full-year eligibility provision of the new statute states that “eligibility for free or reduce price meals shall remain in effect — (i) beginning on the date of eligibility approval for the current school year; and (ii) ending on a date during the subsequent school year determined

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<sup>74</sup> See Implementation Memo, *Categorical Eligibility for Free Lunches and Breakfasts for Migrant Children*, August 16, 2004, available at [http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization\\_memos\\_04/2004-08-16.pdf](http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization_memos_04/2004-08-16.pdf).

<sup>75</sup> See Implementation Memo, *Verification of Income Eligibility*, August 25, 2004, available at [http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization\\_memos\\_04/2004-08-25.pdf](http://www.fns.usda.gov/cnd/Governance/policy/Reauthorization_memos_04/2004-08-25.pdf).

<sup>76</sup> This documentation may consist of income documentation or documentation of food stamp, TANF cash assistance, or FDPIR participation as described in 7 C.F.R. § 245.6a(b) or homeless, runaway, or migrant status as described in Section 9(d)(2) of the Richard B. Russell National School Lunch Act (42 U.S.C. § 1758(d)) as amended by Section 107 of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).



by the Secretary.”<sup>77</sup> This can be read to mean that a child’s certification will remain in effect even if the child changes schools or school districts during the year.

USDA has not yet issued guidance on the extent to which the school district into which the child moves during the year will be required to obtain certification information in lieu of requiring the household to complete another application. Even if USDA does not preclude school districts from requiring a new application, school districts could reduce their own paperwork and the burden on the families they serve by obtaining and relying on the certification decision of the child’s prior school district.

As state child nutrition agencies and school districts implement full-year eligibility, they have the opportunity to minimize disruptions caused by mid-year changes in schools. They can do so by establishing a system under which a child’s school meal certification status is transferred from one school or district to another when the child changes schools. For example, states that maintain a database of all students could establish a data field to indicate the child’s certification status — accessible only in accordance with the confidentiality protections of the school lunch program<sup>78</sup> — that could be checked by a school whenever a new student is enrolled.

At the very least, school districts could include a copy of the child’s approved application in a letter of introduction or in the student’s records that are transferred to the new school. Although the transfer of the child’s meal certification status may not occur immediately, it would allow the new district to begin providing free meals if the child’s household had not completed a new application.

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<sup>77</sup> Section 9(b)(9) of the Richard B. Russell National School Lunch Act (42 U.S.C. § 1758(b)) as amended by Section 106 of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).

<sup>78</sup> See Section 9(b)(6) of the Richard B. Russell National School Lunch Act (42 U.S.C. § 1758(b)(6)) as amended by Section 104(b) of the Child Nutrition and WIC Reauthorization Act of 2004 (P.L. 108-265).



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## VI. Conclusion

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The Child Nutrition and WIC Reauthorization Act of 2004 made changes to the eligibility determination process for the school meals programs that were designed to balance the goals of strengthening program integrity, improving program access, and simplifying program administration. Implementing the new provisions will be hard work for state child nutrition agencies and school districts, but also offers them opportunities to ease their administrative burdens while improving program access for very vulnerable children.

In particular, school districts can gain an exemption from certain new eligibility verification requirements by increasing their verification response rates, which offers the important advantage of helping low-income children continue to receive free or reduced-price meal benefits. The reauthorization statute provides states and school districts with two new options — direct verification and substitution — to help them increase their verification response rates by obtaining eligibility documentation for a greater portion of the households selected for verification.

Further, school districts can reduce their paperwork — and make the program more accessible to children especially vulnerable to food insecurity — by directly certifying as many children as possible. The reauthorization statute expands direct certification by allowing school districts to directly certify runaway and migrant children and by *requiring* all districts to directly certify children in households receiving food stamps by 2008. Since directly certified children bypass the application and verification processes, expanding direct certification improves program access and reduces the number of applications a district must process and verify.

To take advantage of these new opportunities, states and school districts will need to make an initial investment of staff and resources in exchange for substantial pay-offs later. For example, making the program more accessible to low-income families will help districts avoid the dilemma between turning a poor child away in the cafeteria and having to devote scarce local funds to providing a meal for that child. Also, relying on data from other programs to reduce the number of school meal applications that must be approved or verified will free up resources for other important school district responsibilities. As state agencies and school districts implement the new provisions, they will be well-served by planning ahead and investing resources in training staff, reprogramming data systems, and developing procedures that allow them to take full advantage of the flexibility and incentives provided by the reauthorization legislation.



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## Appendix A

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### Steps School Districts Can Take in the Fall of 2004 To Increase Verification Response Rates

Steps that school districts take in the fall of 2004 to increase their verification response rates could reduce their verification requirements in the future and reduce paperwork for low-income families. Thus, an up-front investment of resources could yield administrative savings in future years while helping needy children remain connected to the school meals program. Under existing program regulations, school districts have several means at their disposal to increase the verification response rate:

- School districts may verify the eligibility of households that provided a case number from the Food Stamp Program, TANF cash assistance, or FDPIR on the application by confirming with the local food stamp, TANF, or FDPIR office that the household is currently (or was recently) certified to receive benefits.<sup>79</sup> If the school district receives this confirmation, the resulting verification is a successful “response” for purposes of calculating the verification response rate and there is no need to contact the household.
- School districts may verify the eligibility of *any* household whose application was selected for verification (i.e., not just households that listed a food stamp, TANF cash assistance, or FDPIR case number) by using any government agency records that the school district or state child nutrition agency may legally access. Information concerning households’ income, size, or receipt of food stamps, TANF cash assistance, or FDPIR benefits maintained by other government agencies may be used to verify eligibility for free or reduced-price meals. The school district may choose a recent month and use data from that month to verify eligibility.<sup>80</sup> If eligibility is verified based on such information, the resulting

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<sup>79</sup> See 7 C.F.R. § 245.6a(a)(3).

<sup>80</sup> See 7 C.F.R. § 245.6a(a)(1) and (b)(3).

verification is a successful “response” for purposes of calculating the verification response rate and there is no need to contact the household.

In particular, school districts that do not directly certify children in households receiving food stamp or TANF cash assistance might substantially increase their verification response rate by verifying the eligibility of such children using agency records.

- School districts can increase their verification response rates by giving families multiple opportunities to respond to the request. Districts may follow up — either by telephone or by letter — with households that do not respond to the initial request. Beginning July 1, 2005, districts will be required to make one such followup attempt; they may also undertake additional efforts. Followup efforts this year would allow a school district to increase its response rate while testing the procedures it will be required to implement next year.

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## Appendix B

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### Comparison of Data Sources that May be Used for Direct Certification and Direct Verification

<b>Data that May be Relied Upon for Direct Certification</b>	<b>Data that May be Relied Upon for Direct Verification</b>
Food Stamp Program	Food Stamp Program (participation data)
Temporary Assistance for Needy Families (TANF) Cash Assistance	Any TANF-funded or state MOE-funded program (participation data if eligibility limit is at or below 130% of the federal poverty line or income data)
Food Distribution Program on Indian Reservations	Food Distribution Program on Indian Reservations (participation data)
Homeless Status	Medicaid (participation data if eligibility limit is at or below 133% of the federal poverty line or income data)
Runaway Status	Similar income-tested program or other data source as determined by USDA program (participation data if eligibility limit is at or below 130% of the federal poverty line or income data)
Migrant Status	





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## Appendix C

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### State Medicaid Income Eligibility Guidelines and Enrollment for School-Age Children

	<b>Eligibility Limit for Children Ages 1-5<sup>a</sup></b> (as a percentage of the federal poverty line)	<b>Eligibility Limit for Children Ages 6-19<sup>a</sup></b> (as a percentage of the federal poverty line)	<b>Number of Children Ages 6-18 Enrolled<sup>b</sup></b>
<b>Alabama</b>	133%	100%	248,000
<b>Alaska<sup>c</sup></b>	175%	175%	52,000
<b>Arizona</b>	133%	100%	282,000
<b>Arkansas</b>	200%	200%	208,000
<b>California</b>	133%	100%	2,516,000
<b>Colorado</b>	133%	100%	136,000
<b>Connecticut</b>	185%	185%	161,000
<b>Delaware</b>	133%	100%	43,000
<b>District of Columbia</b>	200%	200%	56,000
<b>Florida</b>	133%	100%	842,000
<b>Georgia</b>	133%	100%	460,000
<b>Hawaii</b>	200%	200%	69,000
<b>Idaho</b>	150%	150%	71,000
<b>Illinois</b>	133%	133%	694,000
<b>Indiana</b>	150%	150%	325,000
<b>Iowa</b>	133%	133%	112,000
<b>Kansas</b>	133%	100%	106,000
<b>Kentucky</b>	150%	150%	266,000
<b>Louisiana</b>	200%	200%	364,000
<b>Maine</b>	150%	150%	73,000
<b>Maryland</b>	200%	200%	280,000
<b>Massachusetts</b>	150%	150%	339,000
<b>Michigan</b>	150%	150%	562,000
<b>Minnesota</b>	275%	275%	216,000
<b>Mississippi</b>	133%	100%	258,000
<b>Missouri</b>	300%	300%	385,000
<b>Montana</b>	133%	100%	35,000
<b>Nebraska</b>	185%	185%	98,000
<b>Nevada</b>	133%	100%	54,000
<b>New Hampshire</b>	185%	185%	46,000

	<b>Eligibility Limit for Children Ages 1-5<sup>a</sup></b> (as a percentage of the federal poverty line)	<b>Eligibility Limit for Children Ages 6-19<sup>a</sup></b> (as a percentage of the federal poverty line)	<b>Number of Children Ages 6-18 Enrolled<sup>b</sup></b>
<b>New Jersey</b>	133%	133%	318,000
<b>New Mexico</b>	235%	235%	191,000
<b>New York</b>	133%	133%	1,020,000
<b>North Carolina</b>	133%	100%	455,000
<b>North Dakota</b>	133%	100%	21,000
<b>Ohio</b>	200%	200%	611,000
<b>Oklahoma</b>	185%	185%	266,000
<b>Oregon</b>	133%	100%	162,000
<b>Pennsylvania</b>	133%	100%	585,000
<b>Rhode Island</b>	250%	250%	67,000
<b>South Carolina</b>	150%	150%	334,000
<b>South Dakota</b>	140%	140%	45,000
<b>Tennessee</b>	133%	100%	489,000
<b>Texas</b>	133%	100%	902,000
<b>Utah</b>	133%	100%	62,000
<b>Vermont</b>	300%	300%	51,000
<b>Virginia</b>	133%	133%	257,000
<b>Washington</b>	200%	200%	415,000
<b>West Virginia</b>	133%	100%	122,000
<b>Wisconsin</b>	185%	185%	225,000
<b>Wyoming</b>	133%	100%	21,000

<sup>a</sup> The income eligibility levels noted were in effect as of July, 2004. They refer to gross income in some states and net income in others. See *Beneath the Surface: Barriers Threaten to Slow Progress on Expanding Health Coverage of Children and Families*, Donna Cohen Ross and Laura Cox, Center on Budget and Policy Priorities for the Kaiser Commission on Medicaid and the Uninsured, October 2004, Table 1, available at <http://www.kff.org/medicaid/7191.cfm>.

<sup>b</sup> Center on Budget and Policy Priorities estimates based on Congressional Budget Office data and data reported by states to the Centers for Medicare and Medicaid Services (CMS). Children enrolled in the State Child Health Insurance Program (SCHIP) may be included in the total number of Medicaid enrollees. Estimates are rounded to the nearest thousand.

<sup>c</sup> In Alaska, the income eligibility guideline is based on the 2003 federal poverty line.